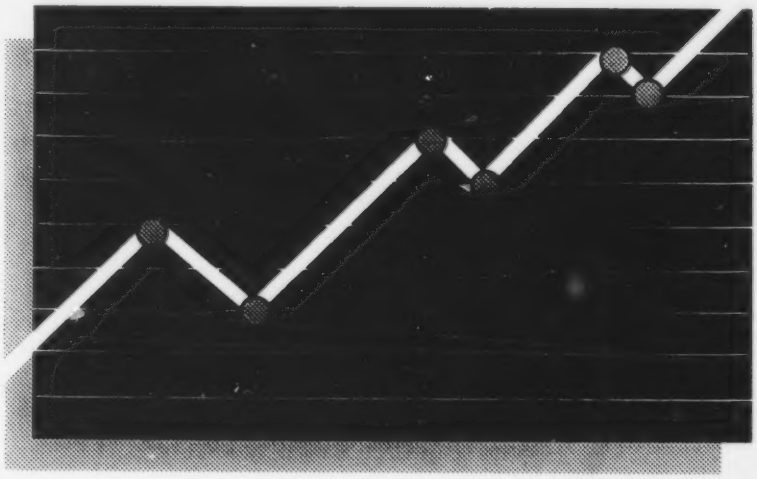
Strategic Planning Branch **REPORT**

Know Your City

Business Growth in Edmonton, 1988

Research Paper Number 29



April, 1989

THE CITY OF Edmonton PLANNING AND DEVELOPMENT

90-00499/

RESEARCH PAPER NO. 29

BUSINESS GROWTH IN EDMONTON 1988

BY

ANGELA HINGSTON

Important Note: This technical paper was prepared by the Forecasting and Policy Development Group, Strategic Planning Branch, Planning and Development Department. It documents research results as part of an ongoing forecasting activity. Neither the methods nor the results have been endorsed by the City of Edmonton. For more information call 428-8846.

April 1989

TABLE OF CONTENTS

	PAGE
LIST OF FIGURES	ii
LIST OF MAPS	iii
LIST OF TABLES (APPENDICES)	iv
EXECUTIVE SUMMARY	v
1. INTRODUCTION	1
Purpose	1
Background	1
2. 1988 BUSINESS GROWTH IN EDMONTON	5
3. COMPONENTS OF BUSINESS CHANGE	7
4. BUSINESS SIZE	9
5. LOCATION OF BUSINESS GROWTH	10
6. CONCLUSIONS	12

APPENDIX A: Tables A1 to A5
APPENDIX B: Tables B1 to B7
APPENDIX C: Note on Business Assessment Data

LIST OF FIGURES

		Opposite Page
1.	Total Number of Businesses	5
2.	Growth in Edmonton Businesses and Alberta GDP	6
3.	Growth in Edmonton Businesses and Employment	6
4.	Major Business Types	7

LIST OF MAPS

		Opposite Page
1.	Areas of Business Growth, 1988	10
2.	The Downtown (P.R.I.D.E. Area)	11

LIST OF TABLES (APPENDICES)

A1 Distribution of Establishments and Employees by Enterprise Size

A2 Percentage Distribution of Total Employment in 1976 by Enterprise Size Within Province

A3 Percentage Distribution of Employment and Establishments by Size of Firm for Edmonton Area and Alberta

A4 Loss and Replacement Rates for Ten Metropolitan Areas, 1969-1976

A5 Detailed Sources of Job Creation and Loss for Ten Metropolitan Areas, 1969-1976

B1 Edmonton Business Growth (Historical Data)

B2 Edmonton Businesses Per 1,000 Population

B3 Total Businesses by Type, December 31, 1987

B4 Total Businesses by Type, December 31, 1988

B5 Rate of Turnover of Businesses, 1988

B6 Estimate of Employment Change from Business Turnover, 1988

B7 Average Business Size (Square Metres)

EXECUTIVE SUMMARY

Purpose

The report analyses business growth as an indicator of the strength of the Edmonton economy, highlighting the major growth sectors and the locations experiencing the greatest changes.

The Importance of New Business Growth

New business creation is essential to economic vitality, to replace declining industries, create employment and rejuvenate and diversify the economy. Business turnover is an inherent part of growth: a high rate of business creation must be maintained to overcome losses. Business growth in 1988 was almost double that of 1987, but lower than during 1985 and 1986.

Small Business is a Significant Employment Creator

Small businesses are the major component of the economy and the main force behind employment creation. In Edmonton, approximately 88% of businesses have less than 20 employees. In Canada, from 1984 to 1987, the small business group was estimated to have created 87% of net new jobs across the country.

Business Types

Retail trade is the primary business type and generated the major share of the city's 1988 business growth. Several new shopping developments opened during the year. Food, beverage, and accommodation businesses had the highest turnover while finance, insurance and real estate businesses suffered the biggest declines in numbers of businesses.

Location

Downtown was the focus of business growth, especially in retailing. The inner city had fewer business losses than in 1987.

Action to Stimulate Business Growth

There is a need to reduce business failures and to help emerging businesses to survive so that a favourable balance between business replacements and business losses is maintained.

BUSINESS GROWTH IN EDMONTON, 1988

1. INTRODUCTION

Purpose

- **Analysis of business growth is a key element in tracking the local economy.**

This report analyzes changes within the business structure of Edmonton. Growth in the number of businesses is an indicator of the strength of the local economy. Monitoring of new businesses and retiring businesses identifies changes in the relative importance of different business sectors and of various locations in the city.

- **New businesses are vital to economic growth**

The development of new businesses is a critical element in maintaining economic growth. As the economy changes, new businesses are needed to replace those in decline. The creation of new businesses is vital to maintain employment and to rejuvenate and diversify the city's business structure.

Loss of businesses is an inevitable part of economic change. As the economy grows and develops into new areas of specialization and as new technologies and new business sectors emerge, business closures in older sectors will occur. Continuing economic growth depends on the number of businesses being created exceeding business losses.

Background

- **Small businesses create the most jobs.**

In the United States, David Birch[1] has led the field of research on the importance of small businesses in the urban economy. Birch found that the emergence of new businesses is becoming increasingly important. Structural changes have meant that the large corporations have contracted, resulting in employment losses, while small firms have shown a higher rate of expansion and job creation. Emerging small companies are the generators of economic growth in the cities: small businesses with less than 20 employees created 88% of net new jobs in the United States between 1981 and 1985.

---

1 "The Disciples of David Birch", Inc. Magazine, January 1989.

- **Small businesses create Canadian jobs.**

Birch's work has been applied to Canada by the Department of Regional Industrial Expansion[2], using the same data source, Dun and Bradstreet's "Dun's Market Identifier" file. For the period 1976 to 1984, over 87% of net new jobs were created by enterprises with less than 20 employees: an indicator of the importance of small business growth in the Canadian economy. Smaller enterprises were particularly important for employment creation in the recession period from 1982 to 1984 when larger businesses were reducing their staff. Enterprises with 50 to 500 employees have shown declining employment levels between 1976 and 1984. Specific data for Edmonton is not available, but a similar pattern is expected given the business structure of Edmonton.

Further evidence on the role of small businesses in employment creation comes from Statistics Canada.[3] From 1978 to 1984, the net increase in the number of business establishments in Canada was 180,748. Most of this increase (89% or 161,481 units) was attributed to firms employing less than five people. During the same period, employment grew by 916,800 jobs of which 61.7% were created by firms with less than five employees.[4]

The share of growth of small firms was similar in Alberta; 88.2% of the net increase in businesses comes from firms with less than five employees. Small firms played a less important role in job creation in Alberta from 1978 to 1984. Only 55.3% of the net increase in employment was in establishments with less than five people employed but in Alberta, large resource based companies are more important in the economy. Medium sized companies suffered significant job losses.

---

2 "A Study of Job Creation in Canada 1976-1984", Statistical Analysis, Department of Regional Industrial Expansion, 1986.

3 "Developing a Longitudinal Data Base on Businesses in the Canadian Economy: An Approach to the Study of Employment", Statistics Canada, March 1988.

4 Business Creation in Canada 1978-1984, Forecasting and Policy Development Group, Planning and Development Department, January 1989.

- **In Edmonton, the majority of employers are small businesses.**

An analysis of the Dun and Bradstreet data base for the Edmonton area[5] shows a similar distribution of employment and establishments by size of firm to the distribution which Birch found for United States cities. (Appendix A shows tables for the United States, Canada and the Edmonton area.) Edmonton has a slightly higher concentration of firms and of employees in the smallest category (0 to 19 employees) than cities in the United States. Edmonton also has a larger share of its employees working for medium sized firms (20 to 99 employees), yet the overall business structure is similar. The importance of small businesses appears to be even greater in Edmonton and in Canada than in the United States. Birch's conclusions on the role of small businesses in job creation and the need for new businesses to stimulate the economy seem to apply equally to Edmonton.

- **New businesses must replace declining activities.**

The creation of new businesses is critical to the economic well-being of cities to overcome the effects of declining traditional industries and to allow for growth of services and advanced technology. Birch has found that most cities lose an estimated 7% to 8% of their employment base each year through layoffs and closures. The essential difference between the growing cities and those in decline is that the more dynamic cities successfully overcome the effects of this loss through the constant emergence and growth of new businesses and employment opportunities. A business start-up rate of over 7% is being achieved by the most dynamic cities, compared with only 1% for those cities which are struggling to maintain their economic base.

- **Business starts are an important source of job replacement.**

Birch has found that cities with the highest net job growth are those with the best job replacement rates: job loss rates are generally consistent across areas (Appendix A, Table A4). The most important source of job replacement is not business expansions or moves but new business starts (Table A5). Business closures bring about more job losses than business moves or contractions. The aim of efforts to stimulate economic activity should be to maintain a strong, favourable balance between job replacement and job loss rates with the emphasis on encouraging business starts and helping new businesses to survive.

---

5 Employment Distribution in the Edmonton Area: An Analysis of the Dun and Bradstreet Data Base, Planning and Development Department, Research Paper No. 28, March 1989.

- **Encouraging entrepreneurship is a more effective means of generating business and employment growth than efforts to attract firms from elsewhere.**

Another key finding from Birch's research is that metropolitan areas are more likely to grow from business starts generated from within than from companies moving from elsewhere. He concludes that economic development energies would be better directed at encouraging the establishment of new businesses and improving their chances of survival than trying to attract big companies from other cities. Entrepreneurial firms are the key to job creation and those cities flourish which provide a positive environment for the emergence and growth of new entrepreneurial businesses. By encouraging entrepreneurship, a sound basis is established for innovation and the growth of new firms. New businesses flourish in a positive environment where financial institutions, large corporations and government support entrepreneurs and where a high quality environment (including services, telecommunications, a university, a skilled labour force, and a good transportation network) exists. High quality government services can be essential to a small company which, unlike the larger corporations, cannot provide its own services and is less able to operate independently from its local environment.

Data from Statistics Canada shows that the majority of new jobs in Alberta and Canada are created by existing firms. From 1978 to 1984, continuing businesses accounted for 55.9% of the net increase in employment in Alberta and 63.9% of Canada's net increase.

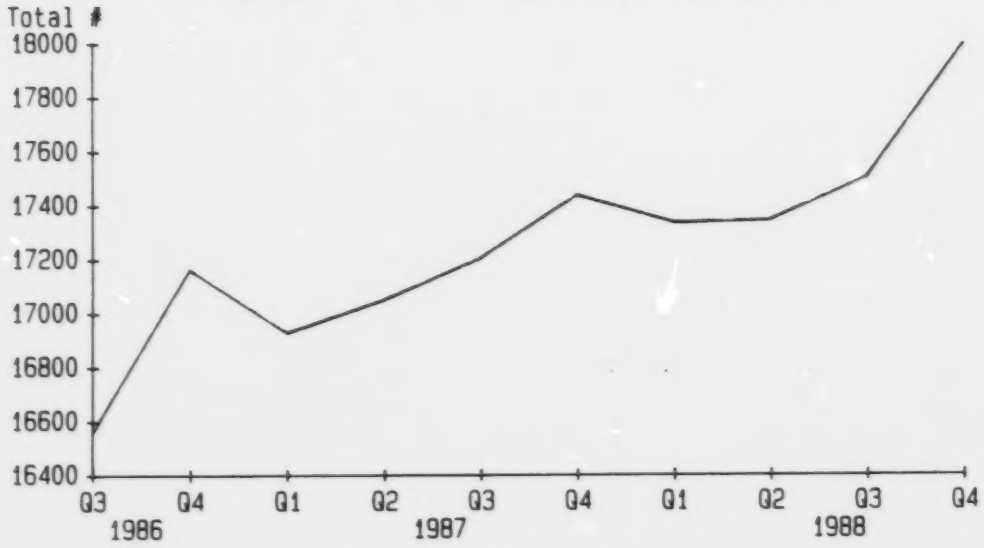
- **Does the Edmonton business environment encourage strong business growth?**

The City of Edmonton business assessment data base allows detailed monitoring of the number of business starts and retirements occurring in the city. The data is available for different business types and for specific locations in the city (Appendix C discusses the use of the data base). The business assessment data provides a means of relating the research done by Birch and others to the City of Edmonton.

This report addresses the following questions.

- Is Edmonton achieving a high level of sustained business creation?
- Is the major business growth occurring among small businesses?
- Which areas are maintaining their vitality and which areas are losing businesses?

Figure 1: TOTAL NUMBER OF BUSINESSES



Source: Finance Department

2. 1988 BUSINESS GROWTH IN EDMONTON

- **Business growth strengthened in 1988**

There was a net increase of 558 businesses in the city during 1988, from 17,438 to 17,966, a 3.2% increase (Figure 1 and Table B1). Growth in 1988 was almost double that of 1987 when the net increase was 275 (1.6%), but 1988 growth is well below the business growth which took place in 1985 and 1986.

Figures showing net growth of businesses conceal the true extent of the changes taking place within the city's business structure. During 1988, 3,109 new businesses were recorded on the business assessment data base (a 17.8% start-up rate) and 2,551 business were lost (a closure rate of 14.6%). In 1988, there was an improvement over the 1987 business start-up rate of 16.9% and closure rate of 15.3%. These figures over-estimate the opening of new businesses and the number of business failures because they include some changes in ownership and some moves to other locations. However, they provide a good indication of business change within the city.

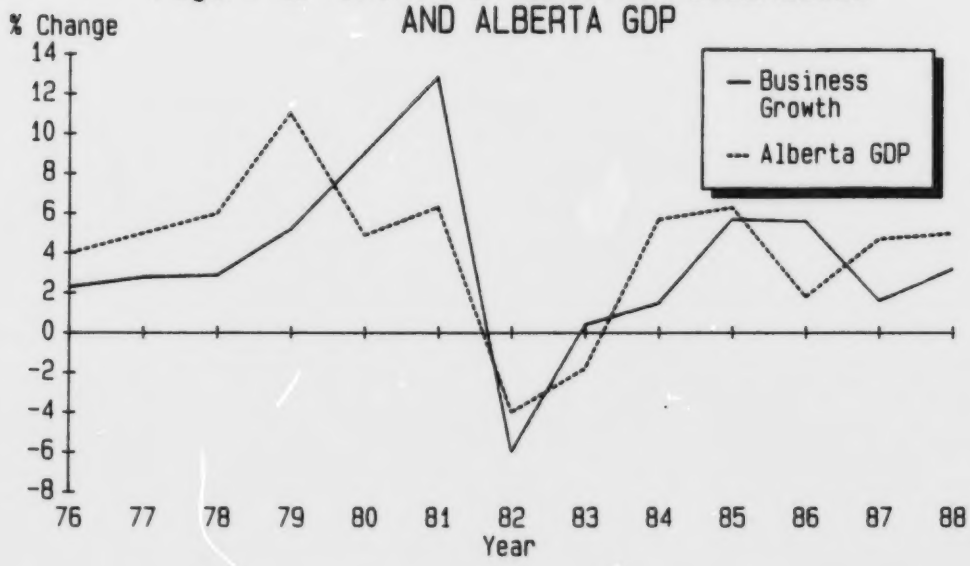
- **Business creation shows strong seasonal trends.**

Business growth is strongly influenced by seasonal factors and shows variable patterns during the year. In the first quarter of 1988, the city experienced a net loss of 102 businesses: even though 574 new businesses were recorded, 676 businesses were lost. Growth was only minimal in the second quarter, with a net increase of 10 businesses. Activity improved in the third quarter with a net growth of 157 businesses and during the fourth quarter, there was substantial growth of 493 businesses. Although the last quarter includes some businesses which opened earlier in the year, there is clearly a seasonal trend to business creation which was also apparent in 1986 and 1987. The strongest growth occurs during the last quarter of the year. The importance of retail trade in the Edmonton economy accentuates the higher level of business activity at the end of the year.

- **Growth pattern has slowed since 1986.**

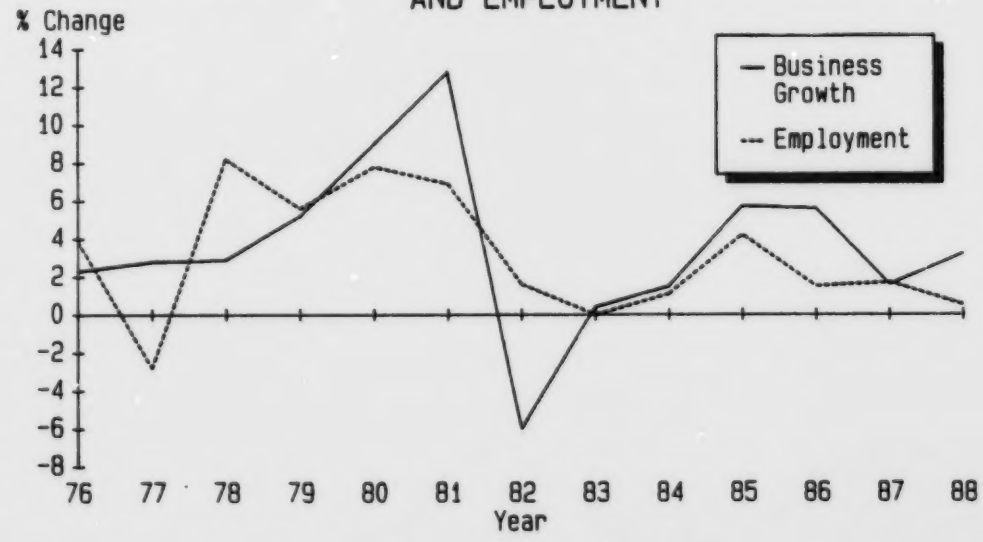
A comparison between last quarter figures for 1986 and 1988 shows an increase in the number of businesses in the city but growth was occurring more rapidly during the last quarter of 1986 than in 1988 (Figure 1). There was a net increase of 605 businesses in the last quarter of 1986, resulting from 1,453 new businesses and 848 retired businesses. For the same period in 1988, the balance between business creation and business loss was similar: 1,285 new businesses and 792 retiring businesses gave net growth of 493 businesses.

Figure 2: GROWTH IN EDMONTON BUSINESSES AND ALBERTA GDP



Source: Planning and Development Department.1988 Alberta GDP is estimated

Figure 3: GROWTH IN EDMONTON BUSINESSES AND EMPLOYMENT



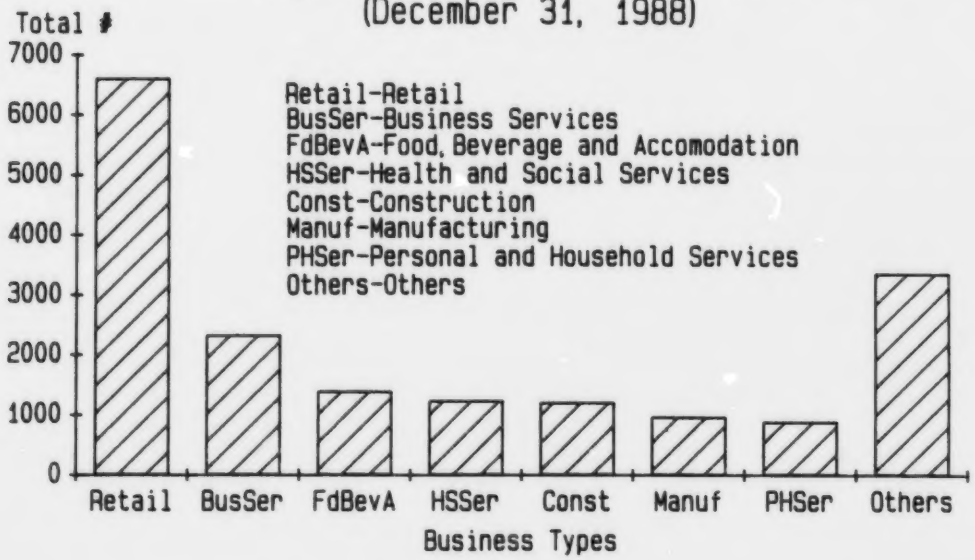
Source: Planning and Development Department

- **Since 1976 business growth has been erratic, reaching a peak at the start of 1982.**

The number of assessed businesses for each year from 1976 shows a highly variable pattern. Growth was slow during 1976, 1977 and 1978 but accelerated in 1979 and 1980 to reach a peak at the start of 1982. More than 950 businesses were lost during 1982 and not until 1985 did substantial growth again occur. 1987 was a disappointing year with a net gain of only 275 businesses. 1988 represents a significant improvement but is far below 1985 and 1986 levels of growth. Table B2 shows that the number of businesses per capita has increased steadily.

Figures 2 and 3 compare business growth with Alberta gross domestic product and with Edmonton employment growth. Edmonton's business growth follows Alberta GDP, with a lag of approximately two years at the growth peaks. Figure 2 indicates that even if significant improvement takes place in the provincial economy, it takes about two years before the benefits are reflected in business growth in Edmonton. The prospects look favourable for business growth to increase in 1989, following the rise in Alberta GDP. Employment change is less erratic than business growth; this is partly explained by Edmonton's role as a service and government centre which provides stability in employment levels.

Figure 4: MAJOR BUSINESS TYPES
(December 31, 1988)



Source: Finance Department.

3. COMPONENTS OF BUSINESS CHANGE

- **In Edmonton, retail businesses dominate.**

Retail trade dominates the city's business structure (Figure 4). More than one third of city businesses are engaged in retailing and these businesses occupy over one third of assessed floorspace.

The second largest category of businesses is business services, with almost 13% of total businesses. However, businesses of this type are generally small in scale and together occupy only 7% of assessed floorspace.

Businesses in the food, beverage and accommodation category vary widely in size, from small fast food outlets to the major hotels. The inclusion of hotels in this category results in a higher proportion of assessed space of this type, compared with the number of businesses.

Other important business groups are health and social services, construction and manufacturing. Manufacturing has shown a slight increase (0.4%) in its share of the total number of businesses during 1988 and has maintained its share of floorspace.

Lists of numbers of businesses and business floorspace for December 31, 1987 and 1988 appear in Tables B3 and B4. These tables update the information contained in "The City of Edmonton Business Floorspace Inventory".[6]

- **Retail trade had the major share of growth.**

The largest increase in the number of businesses occurred among retail businesses. Retail trade showed a net growth of 241 businesses during 1988, which is 43% of the city's total business growth for the year. Several new and expanded shopping centres opened in the city during 1988, creating the opportunity for new stores to emerge. Eaton Centre, Manulife Place Phase II and the third floor of Edmonton Centre increased retail space downtown. The new Millwoods Town Centre generated new retail outlets in the southeast and the expansion of Kingsway Garden Mall strengthened this shopping centre.

No other business group approached the growth experienced in retail trade. The second largest increase in the number of businesses occurred in construction, which showed a net gain of 65 businesses, a 5.7% increase. These figures represent a major improvement over the 1.2% increase experienced in 1987.

1988 also saw significant growth in personal and household services: a net increase of 44 businesses (5.2%). This sector had no growth in 1987.

---

6 City of Edmonton Business Floorspace Inventory, Long Range Planning Branch, Planning and Building Department, August 1987.

Food, beverage and accommodation businesses followed in importance with a net increase of 41 businesses (3.0%), a growth rate slightly below that of 1987.

- **Finance and insurance businesses were lost.**

The finance and insurance group experienced the biggest loss of businesses during 1988, declining by 11 business. However, this is an improvement over 1987, when 24 businesses were lost. Education services also declined by six businesses. Business groups which showed only minimal change were agriculture, recreation and amusement, mining and oilwell and real estate and insurance agents.

- **Food, beverage and accommodation businesses have the highest turnover.**

The highest rate of business turnover occurs among businesses in the food, beverage and accommodation category which had a business creation rate of 23% and a rate of business loss of 20% (Table B5). Recreation and amusement businesses were also a volatile group with a business creation rate of 21% and a closure rate of 19%. Education services showed a high rate of business loss (23%) and construction businesses had a high rate of business creation in 1988 (21%).

The most stable business groups are agriculture and health and social services.

- **Business change can create significant employment turnover.**

Associated with the business creation and retirements are significant employment changes. For the start up of 3,109 new businesses in 1988, approximately 47,500 jobs could have been created; for the 2,551 business retirements, more than 39,000 jobs could be lost (see Table B6).

Employment change is particularly high in the service industry, reflecting high turnover in food, beverage and accommodation and in business services. Retail trade also generates significant employment turnover, reflecting the high number of business startups and failures. Clearly, the process of business change creates turbulence for employment. Birch suggests "working in a so rapidly changing business environment can be hazardous . . . . For this kind of change to take place, one in five people has to leave his or her job each year. One in 10 is forced to leave a job involuntarily. One in 10 must make a career change each year. The levels of dislocation are extraordinary."[7]

---

[7] David Birch, Inc. Magazine, September 1987.

4. BUSINESS SIZE

- **Retailing shows a trend towards smaller businesses.**

Business floorspace data for each quarter since September 1986 shows a trend towards smaller businesses, although the decline in size had stabilized in 1988. Table B7 shows how the average floorspace for each business has declined from 521 square metres to 512 square metres.

The general trend reflects the decline in the size of retail businesses, the largest component of total businesses. The average size of retail businesses declined from 497 square metres to 476 square metres at the end of 1988.

The food, beverage and accommodation group of businesses has shown a decrease in average floorspace since September 1986. However, this group covers a wide spectrum of business sizes, from large hotels to small restaurants and general conclusions about changes in the size of businesses cannot easily be drawn.

Businesses which have increased in average size include business services, health and social services, personal and household services, wholesale trade and, in particular, finance and insurance.

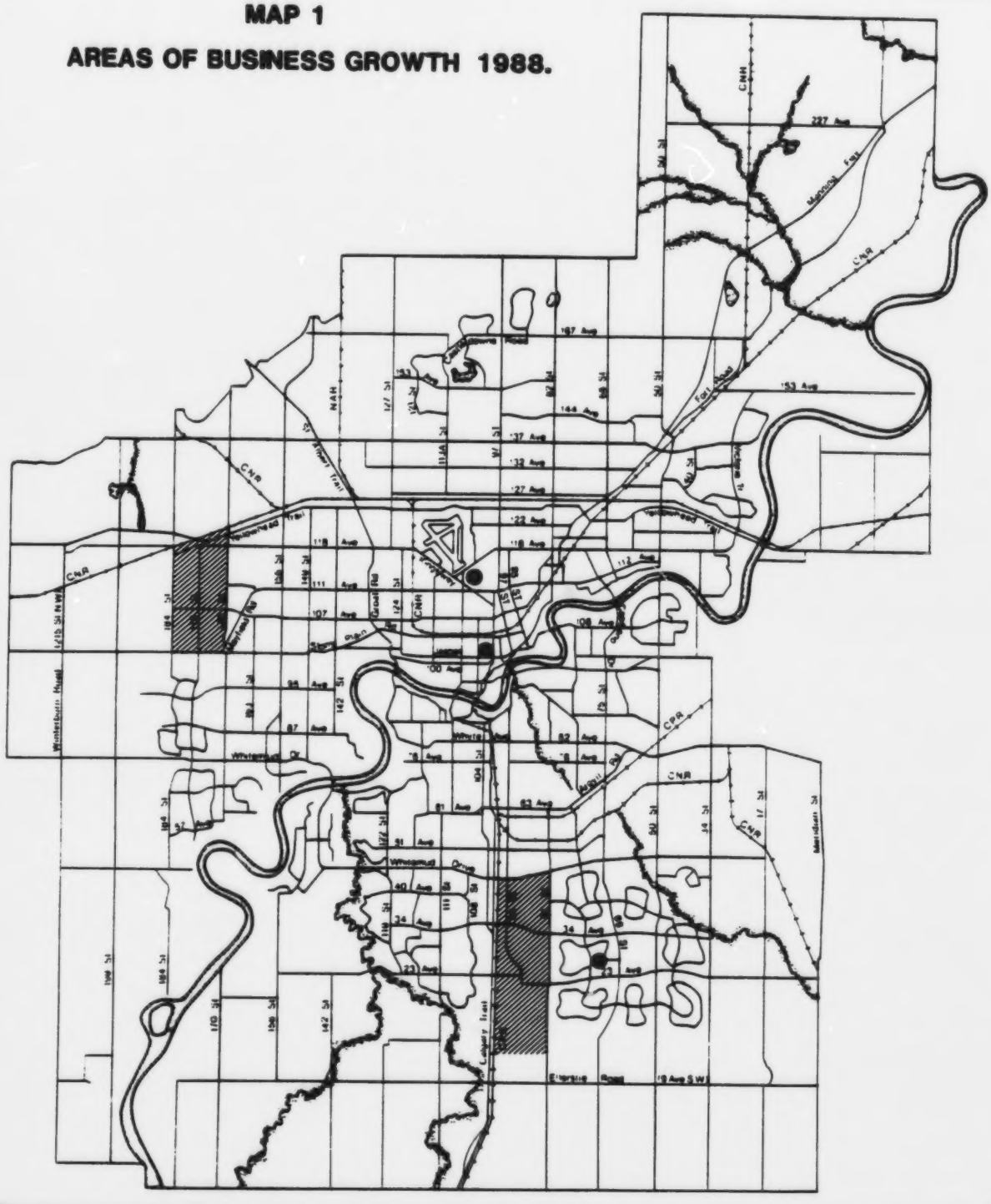
- **In 1988, small businesses and branches generated most of the city's business growth.**

The average floorspace of new and retired businesses in 1988 was much lower than the average for all existing businesses, suggesting that small businesses and branches of larger business chains are responsible for most of the business creation and turnover taking place in the city.

Using an average of 15 employees per business, the size of business which would be likely to correspond to businesses with less than 20 employees was calculated as 650 square metres or less. In 1988, 90% of new businesses occupied less than 650 square metres of assessed space.

MAP 1

AREAS OF BUSINESS GROWTH 1988.



GROWTH AREAS

● GROWTH CENTRES

N

SOURCE: FINANCE DEPARTMENT

5. LOCATION OF BUSINESS GROWTH

- **Downtown business growth is primarily in retailing.**

Downtown experienced the largest share of the city's 1988 business growth; 23% of the net increase in businesses was within the Downtown (Maps 1 and 2). In 1987, Downtown had 17% of the city's net business growth. Much of the 1988 growth was generated by the opening of two major shopping centres: the Eaton Centre Phase II and Manulife Place Phase II, together with the expansion of Edmonton Centre. As a result, business growth was highly concentrated in the retail sector: 84% of Downtown business growth was in retailing. Downtown business activity is becoming more strongly focused on the primary shopping area and its immediate vicinity.

- **Other Downtown functions are not growing.**

The expansion of the Downtown is clearly a major contributor to Downtown revitalization and helps to strengthen the Downtown retail function against competition from suburban malls. Yet the absence of growth in other sectors is cause for concern: the heavy concentration on retail growth means that Downtown is not adding to its diversity, one of the main attributes of a thriving city centre. With the exception of the 'other services' and 'unclassified' groups, no other business types increased their share of total businesses. The businesses within the 'other services' group (primarily parking lots and travel companies) shared the second highest amount growth of all categories, while businesses are being lost in important sectors such as finance, construction and manufacturing. Careful monitoring of the Downtown will be important to identify major shifts in its function.

- **Garneau and Old Strathcona had no growth in 1988.**

This area was an important focus of business growth in 1987 but showed no net growth in 1988.

- **West Edmonton Mall experienced business turnover.**

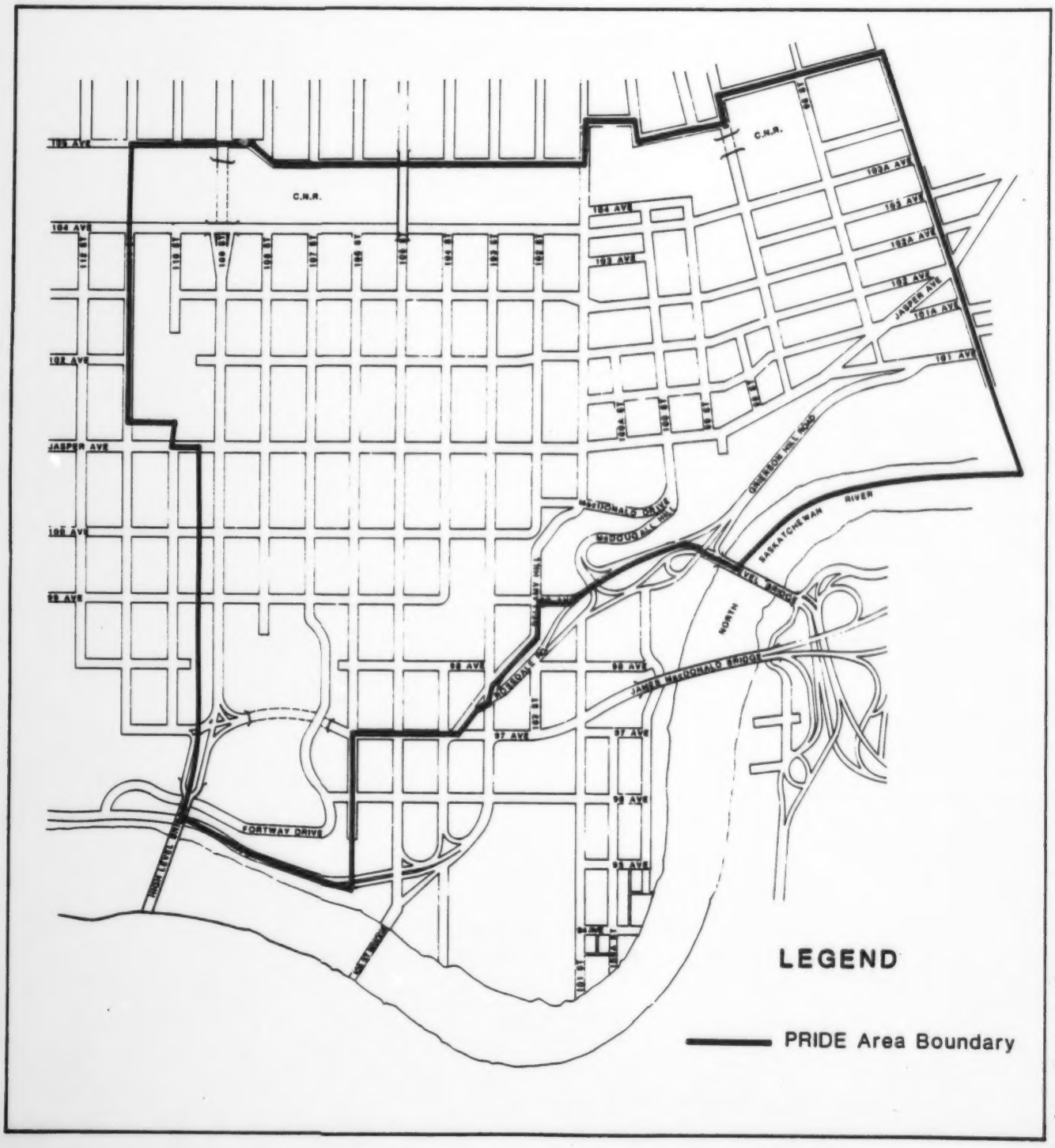
West Edmonton Mall gained 80 new businesses but 83 businesses retired.

- **Millwoods Town Centre generated major retail growth in 1988.**

Millwoods emerged as a major growth area in 1988 second only to Downtown. There was a net growth of 102 businesses, primarily retail businesses, because of the opening of Millwoods Town Centre.

Map 2

The Downtown (PRIDE AREA)



- **Kingsway Garden Mall renovations brought new retail businesses.**

The extension and refurbishment of Kingsway Garden Mall led to a net increase of 63 businesses in the mall and surrounding area, predominantly in retail trade.

- **A variety of new businesses opened in the industrial areas.**

Concentrations of new businesses of a variety of types led to growth of businesses in the North West Industrial Area, the Strathcona Industrial Area, Parsons Industrial and the Edmonton Research and Development Park. These areas were important locations for growth in businesses in retail trade, business services, construction, manufacturing and mining and oilwells.

- **The inner city showed greater stability.**

Compared with 1987, there were no large declines in inner city businesses. Inner city commercial areas remained stable or showed some gains, but continuous monitoring of these areas is important to identify subsequent declines.

- **There were no major concentrations of business losses.**

Areas showing the highest number of business losses were found in parts of the industrial areas, the areas immediately north of the Downtown and that part of the Downtown which is south of Jasper Avenue. Figures for the areas which lost the most businesses are shown below:

	Net Loss	Total # of Businesses	% Loss
Northwest Industrial Area (East)	16	605	2.6
North of Downtown (South of 107 Avenue)	6	270	2.2
Londonderry/Fort road	6	324	1.9
Coronet Industrial	13	432	3.0
Northwest Industrial Area (North)	6	193	3.1
Lambton and Morris Industrial	6	238	2.5
Downtown South of Jasper Avenue	7	332	2.1

6. CONCLUSIONS

- Small businesses are critical to employment growth and economic development.

- There is a need to generate high levels of business starts and to retain emerging businesses in the initial stages of operation.

- Continued monitoring and analysis are needed to give a better understanding of the effects on employment of changes in the business structure.

- Business growth in 1988 was stronger than in 1987 but still far below earlier boom years.

- Retailing continues to dominate the business structure. Retail growth was generated by expanding retail facilities and new shopping centre development.

- Downtown was the major focus of business growth in the city. Growth was so heavily concentrated in retail trade that new businesses were not contributing to the diversity of Downtown. New businesses were located primarily in the central shopping area, while the peripheral areas lost businesses.

- Areas which lost businesses in 1987 remained stable in 1988. The older inner city commercial areas will neeed monitoring of activity and will require the commitment of resources to revitalize their commercial function.

APPENDICES

APPENDIX A

TABLE A1
DISTRIBUTION OF ESTABLISHMENTS AND EMPLOYEES BY ENTERPRISE SIZE

ENTERPRISE SIZE (NUMBER OF EMPLOYEES)	PERCENT OF ESTABLISHMENTS	PERCENT OF EMPLOYEES
0-19	83.4	25.2
20-99	9.9	19.8
100-499	3.2	16.7
500-4,999	1.9	18.3
5,000-or more	1.5	19.8
	100.0	100.0

Source: Job Creation in America, David L. Birch, The Free Press, 1987

TABLE A2
PERCENTAGE DISTRIBUTION OF TOTAL EMPLOYMENT IN 1976
BY ENTERPRISE SIZE WITHIN PROVINCE

PROVINCE	ENTERPRISE EMPLOYMENT SIZE GROUP							
	0-19	20-49	50-99	100-199	200-499	500+	TOTAL	TOTAL EMPLOYMENT
Newfoundland	32.0	11.7	8.2	11.4	7.7	29.0	100.0	68,148
P.E.I.	44.1	18.1	11.5	6.5	14.4	5.3	100.0	16,340
Nova Scotia	31.5	13.1	9.6	7.1	9.4	29.3	100.0	139,204
New Brunswick	32.1	11.5	8.6	8.0	10.2	29.6	100.0	115,452
Quebec	25.9	12.2	9.8	10.0	11.8	30.2	100.0	1,517,407
Ontario	24.8	11.5	8.7	8.4	11.1	35.4	100.0	2,137,333
Manitoba	28.0	10.4	7.8	7.7	11.5	34.6	100.0	229,587
Saskatchewan	40.6	12.2	7.4	6.2	8.0	25.6	100.0	135,921
Alberta	34.1	13.0	8.5	8.3	8.4	27.7	100.0	403,127
British Columbia	34.1	12.0	7.8	6.9	8.7	30.5	100.0	577,139
Yukon/N.W.T.	40.2	14.6	8.6	5.5	9.6	21.4	100.0	10,248
Total	27.9	11.9	8.9	8.6	10.7	32.0	100.0	5,349,906

Source: A Study of Job Creation in Canada 1976-1984, Department of Regional Industrial Expansion, 1986.

TABLE A3
PERCENTAGE DISTRIBUTION OF EMPLOYMENT AND ESTABLISHMENTS BY SIZE OF FIRM FOR EDMONTON AREA AND ALBERTA

SIZE OF FIRM	DUN AND BRADSTREET - EDMONTON AREA		STATISTICS CANADA - ALBERTA	
(Employees)	Employees (%)	Establishments (%)	Employees (%)	Establishments (%)
1-19	28.3	87.5	27.3	91.3
20-99	24.9	9.6	14.7	5.8
100+	46.8	1.8	58.0	2.9
Non-Classified	--	1.1		
Total	100.0	100.0	100.0	100.0

Source: (1) Dun and Bradstreet, Dun's Market Indicator, April 1988
(2) Statistics Canada, Developing a Longitudinal Database on Business in the Canadian Economy: An Approach to the Study of Employment, March 1988. Cat 18-501E

Source: "Employment Distribution in the Edmonton Area: An Analysis of the Dun and Bradstreet Data Base", Planning and Development Department, Research Paper No. 28, March 1989.

TABLE A4
LOSS AND REPLACEMENT RATES FOR TEN METROPOLITAN AREAS, 1969-1976

AREA	LOSS RATE	REPLACEMENT RATE	NET CHANGE
Houston	35.7%	62.7%	27.0%
Charlotte	40.4	48.0	7.5
Dayton	31.4	36.4	5.1
Rochester	29.3	33.7	4.5
Boston	33.7	37.4	3.8
Baltimore	32.9	36.5	3.5
Hartford	35.5	36.6	1.1
Worcester	25.1	24.6	- .5
New Haven	29.5	27.0	- 2.6
Greenville	35.1	26.9	- 8.4

Note: Losses are the sum of closings, contractions, and out-moves. Replacements are the sum of formations, expansions, and in-moves.

Source: Job creation in America, David L. Birch, The Free Press, 1987

TABLE A5
DETAILED SOURCES OF JOB CREATION AND LOSS FOR TEN METROPOLITAN AREAS, 1969-1976

AREA	STARTUPS	CLOSINGS	EXPANSION	CONTRACTION	IN-MOVES	OUT-MOVES	NET CHANGE
Houston	+40.2%	-25.0%	+14.4%	- 6.3%	+8.1%	-4.4%	+27.0%
Charlotte	+32.8	-27.4	+ 8.1	- 7.4	+7.1	-5.6	+7.5
Dayton	+24.9	-17.4	+ 8.4	-11.3	+3.1	-2.7	+5.1
Rochester	+17.3	-17.7	+11.5	- 7.8	+4.9	-3.8	+4.5
Boston	+21.8	-20.2	+11.1	-10.0	+4.5	-3.5	+3.8
Baltimore	+23.8	-21.3	+ 8.2	- 7.6	+4.5	-4.0	+3.5
Hartford	+22.5	-19.4	+ 9.1	-11.6	+5.0	-4.5	+1.1
Worcester	+13.3	-13.7	+ 9.1	- 9.4	+2.2	-2.0	- .5
New Haven	+15.0	-17.9	+ 8.1	- 7.2	+3.9	-4.4	-2.6
Greenville	+18.3	-25.6	+ 6.1	- 5.4	+2.5	-4.1	-8.4

Source: Job Creation in America, David L. Birch, The Free Press, 1987

APPENDIX B

TABLE B1: EDMONTON BUSINESS GROWTH (HISTORICAL DATA)

YEAR	# BUSINESS PREMISES (at start of year)	INCREASE/DECREASE	% CHANGE
1976	11,451	268	2.3
1977	11,719	331	2.8
1978	12,050	350	2.9
1979	12,400	650	5.2
1980	13,050	1,177	9.0
1981	14,227	1,817	12.8
1982	16,044	- 959	- 6.0
1983	15,085	66	0.4
1984	15,151	227	1.5
1985	15,378	871	5.7
1986	16,249	914	5.6
1987	17,163	275	1.6
1988	17,438	558	3.2
1989	17,996		

SOURCE: Finance Department

TABLE B2: EDMONTON BUSINESSES PER 1,000 POPULATION

YEAR	POPULATION	NO. OF BUSINESSES	BUSINESSES PER 1,000 POPULATION
1976	461,554	11,451	24.8
1977	471,474	11,719	24.9
1978	478,066	12,050	25.2
1979	491,359	12,400	25.2
1980	505,773	13,050	25.8
1981	521,205	14,227	27.3
1982	551,314	16,044	29.1
1983	560,085	15,085	26.9
1984	564,000	15,151	26.9
1985	568,000	15,378	27.1
1986	571,506	16,249	28.4
1987	576,249	17,163	29.8
1988	580,800 (e)	17,438	30.0
1989	587,300 (e)	17,996	30.6

Source: Planning and Development Department
(e) is forecast estimate
Finance Department

TABLE B3: TOTAL BUSINESSES BY TYPE, DECEMBER 31, 1987

		No.	%	Indoor Space (sq.m.)	%
1.	Retail	6,369	36.0	3,021,612	33.9
2.	Business Services	2,303	13.0	646,352	7.3
3.	Food, Beverage and Accommodation	1,353	8.0	856,746	9.6
4.	Health and Social Services	1,220	7.0	197,532	2.2
5.	Construction	1,145	7.0	447,393	5.0
6.	Manufacturing	942	5.0	1,146,055	12.9
7.	Personal and Household Services	844	5.0	118,548	1.3
8.	Wholesale	772	4.0	970,937	10.9
9.	Finance and Insurance	490	3.0	225,775	2.5
10.	Other Services	414	2.0	70,417	0.8
11.	Transportation and Storage	383	2.0	418,711	4.7
12.	Real Estate and Insurance Agents	253	1.5	65,858	0.7
13.	Mining and Oilwell	221	1.0	181,457	2.0
14.	Unclassified	329	2.0	222,003	2.5
15.	Recreation and Amusement	154	1.0	147,630	1.7
16.	Communication and Utilities	108	0.6	102,817	1.2
17.	Educational Services	92	0.5	27,103	0.3
18.	Agriculture and Related	46	0.3	35,186	0.4
	TOTAL	17,438		8,902,132	

SOURCE: Finance Department
Planning and Development Department Classification

TABLE B4: TOTAL BUSINESSES BY TYPE, DECEMBER 31, 1988

		No.	%	Indoor Space (sq.m.)	%
1.	Retail	6,610	36.7	3,149,593	34.2
2.	Business Services	2,327	12.9	669,529	7.3
3.	Food, Beverage and Accommodation	1,394	7.7	864,783	9.4
4.	Health and Social Services	1,239	6.9	210,097	2.3
5.	Construction	1,210	6.7	468,526	5.1
6.	Manufacturing	968	5.4	1,183,191	12.9
7.	Personal and Household Services	888	4.9	123,972	1.3
8.	Wholesale	788	4.4	982,756	10.7
9.	Finance and Insurance	479	2.7	229,633	2.5
10.	Other Services	450	2.5	70,447	0.8
11.	Transportation and Storage	392	2.2	466,612	5.1
12.	Unclassified	370	2.1	226,540	2.5
13.	Real Estate and Insurance Agents	256	1.4	68,396	0.7
14.	Mining and Oilwell	223	1.2	177,730	1.9
15.	Recreation and Amusement	155	0.9	151,340	1.6
16.	Communication and Utilities	114	0.6	107,033	1.2
17.	Educational Services	86	0.5	21,204	0.2
18.	Agriculture and Related	47	0.3	33,888	0.4
	TOTAL	17,996		9,205,270	

SOURCE: Finance Department
Planning and Development Department Classification

TABLE B5: RATE OF TURNOVER OF BUSINESSES, 1988

	No. of New Businesses	Creation Rate (%)	No. of Retired Businesses	Closure Rate (%)
Retail Trade	1,251	19.6	1,000	15.7
Business Services	367	15.9	341	14.8
Food, Beverage & Accommodation	311	23.0	269	19.9
Health & Social Services	116	9.5	97	8.0
Construction	241	21.0	177	15.5
Manufacturing	126	13.4	105	11.1
Personal & Household	174	20.6	133	15.8
Wholesale Trade	85	11.0	76	9.8
Finance & Insurance	40	8.2	51	10.4
Other Services	90	21.7	53	12.8
Transportation	68	17.8	59	15.4
Real Estate & Insurance Agents	30	11.9	29	11.5
Mining & Oilwell	24	10.9	22	10.0
Unclassified	122	37.1	77	23.4
Recreation & Amusement	32	20.8	29	18.8
Communication & Utilities	14	13.0	9	8.3
Education Services	14	15.2	21	22.8
Agriculture & Related	4	8.7	3	6.5
Total	3,109	17.8	2,551	14.6

Source: Planning and Development Department

TABLE B6: ESTIMATE OF EMPLOYMENT CHANGE FROM BUSINESS TURNOVER, 1988

	No. of Employees/ Business (mean)	No. of New Businesses	Estimated Employment Creation from Business Turnover	No. of Retired Businesses	Estimated Employment Loss from Business Turnover
Agriculture	5	4	20	3	15
Mining	34	24	816	22	748
Construction	7	241	1,687	177	1,239
Manufacturing	21	126	2,646	105	2,205
Transportation & Storage	12	68	816	59	708
Communications & Utilities	139	14	1,946	9	1,251
Wholesale Trade	11	85	935	76	836
Retail Trade	12	1,251	15,012	1,000	12,000
Finance & Insurance	18	40	720	51	918
Real Estate	5	30	150	29	145
Community, Business & Personal Services	20	1,104	22,080	943	18,860
Unclassified	6	122	732	77	462
Total		3,109	47,560	2,551	39,387

Source: Planning and Development Department

The average number of employees per business is taken from "Employment Distribution in the Edmonton Area: An Analysis of the Dun and Bradstreet Data Base", Planning and Development Department, Research Paper No. 28, March 1989.

TABLE B7: AVERAGE BUSINESS SIZE (SQUARE METRES)

	Sept. 1986	Dec. 1986	Mar. 1987	June 1987	Sept. 1987	Dec. 1987	Mar. 1988	June 1988	Sept. 1988	Dec. 1988
All Businesses	521	513	518	515	511	511	512	514	N/A	512
Retail Trade	497	489	490	482	478	474	474	480	479	476
Business Services	273	274	267	270	278	281	284	283	291	288
Food, Beverage & Accommodation	628	627	642	638	634	633	634	636	627	620
Health & Social Services	159	157	158	158.5	160	162	164	166	167	170
Manufacturing	1,218	1,191	1,226	1,224	1,222	1,217	1,218	1,211	1,217	1,222
Personal & Household Services	134	133	140	138	138	140	141	141	141	140
Wholesale Trade	1,226	1,224	1,224	1,242	1,245	1,258	1,246	1,245	1,253	1,247
Finance & Insurance	434	440	455	460	459	461	465	467	461	479

Source: Finance Department

APPENDIX C

NOTE ON BUSINESS ASSESSMENT DATA

Data Source:

The report "Business Growth in Edmonton" is based on data from the business assessment data base, maintained by the Finance Department for the collection of business taxes. Because the information is collected for this specific purpose, it has limitations in its application to other uses and should be used with caution. Some of the problems of using the business assessment data are outlined below.

Quarterly Data:

The Planning and Development Department has been receiving business assessment data on a quarterly basis since mid-1986. The data provides a means of tracking business change within the city, giving the number of business accounts added and the number of businesses deleted from the assessment records each quarter. A count of assessed businesses in the city is provided at the end of each quarter but this figure may be lower than data from other sources, because subtenants are not always included. There are no business accounts for most Crown corporations and non-profit organizations. Also, many businesses in the home are not recorded.

Business Changes:

The figures for new and retiring businesses include changes within the city's business structure which do not involve the creation of a new business or the loss of a business. A new account may be created and the existing one closed if a business moves and continuity is not maintained because time elapses before the business reopens. A change in ownership will also result in a new assessment account but the business operation may remain the same.

The information on existing, new and retired businesses is complemented by floorspace data, but there is no record kept of vacant space.

Business Types:

The assessment data provides a profile of Edmonton's business structure by giving the number of businesses and the floorspace of each business type. The relative growth of each sector can therefore be monitored each quarter. A code is assigned to each business by the assessors to identify its type. These codes have been recategorized by the Planning and Development Department to make the business groups comparable with those used by Statistics Canada.

Location of Businesses:

Business data is available by assessment work area, which allows some locational analysis. However, the work areas do not correspond with other geographic units and they vary widely in size and characteristics, so that comparison between them is difficult. The report "Business Growth in Edmonton" contains a brief discussion on some of the major areas of interest in the city. More detailed information on changes in the business structure of specific areas is available from the Strategic Planning Branch.